

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Approval of Minutes of November 5, 1998 Meeting

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: February 4, 1999

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the November 5, 1998, Budgets and Audits Committee meeting.

**PROPOSED
MINUTES OF THE
BUDGETS AND AUDITS COMMITTEE
OF THE
TEACHERS' RETIREMENT BOARD
THURSDAY, NOVEMBER 5, 1998
THIRD FLOOR, ROBYN D. MILLER BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA**

COMMITTEE MEMBERS PRESENT

George Fenimore, Chairperson
Yvonne Gallegos Bodle
Michael Mayer
Lillian Raffel
Emma Zink
Fred Buenrostro, representing the State Controller, Kathleen Connell
Robin Dezember, representing the Director of Finance, Craig Brown
Ted White, representing the State Treasurer, Matt Fong

OTHER BOARD MEMBERS PRESENT

Gary Lynes
Marty Mathiesen
Todd Thakar
Richard Whitmore, representing the Superintendent of Public Instruction, Delaine Eastin

STAFF PRESENT

James D. Mosman, Chief Executive Officer
Christopher Waddell, Chief Counsel
Michael Carter, DCEO, Client Benefits and Services
Elleen Okada, DCEO, Investments
Peggy Plett, DCEO, Administration
Laurence Martin, DCEO, Financial and Information Systems
Ken Costa, Director, START Project
Way Lee, Director, Office of Audits
Fred Snyder, Office of Audits
Mary Miles, Administrative Assistant

OTHERS PRESENT

Mick Friend, PricewaterhouseCoopers
Don Wen, PricewaterhouseCoopers
Lois Shive, CTA
Beverly Carlson, CTA
Edna White, CRTA
Dorothy Moser, ULTA-Retired
Loretta Toggenburger, UTLA
Charles C. Giarratana, CTA
George Wichman, CTA

A quorum being present, Chairperson Fenimore called the meeting to order at 8:01 a.m.

II. **APPROVAL OF MINUTES OF SEPTEMBER 3, 1998 MEETING**

MOTION duly made by Ms. Bodle, seconded by Mr. Mayer, and carried to approve the Minutes of the September 3, 1998 meeting.

III. **ANNOUNCEMENTS**

There were no announcements.

IV. **AUDITS OF COMBINED FINANCIAL STATEMENTS AS OF JUNE 30, 1998, AND FOR THE YEAR ENDED - TRF, CASH BALANCE PLAN AND 403(b)**

(This report was taken out of order)

Mr. Friend and Mr. Wen from PricewaterhouseCoopers, presented this item.

MOTION duly made by Ms. Raffle, seconded by Mr. Mayer, and carried to approve the Audits of Combined Financial Statements as of June 30, 1998, and for the Year Ended – TRF, Cash Balance Plan, and 403 (b).

V. **PRICE WATERHOUSECOOPERS REPORT TO MANAGEMENT FOR THE YEAR ENDED JUNE 30, 1998**

(This report was taken out of order.)

Mr. Friend and Mr. Wen from PricewaterhouseCoopers, reported that the annual financial statements had an unqualified opinion and there were no major issues to report. Mr. Friend recommended that Investment policy changes be communicated to the Office of Audits on a timely basis. Mr. Buenrostro requested that Mr. Lee propose a tracking process for policy changes in the Investment office. Mr. Buenrostro inquired if the merger between Pricewaterhouse and Coopers presented any concerns for the System, specifically in third party review of the System's custodian. Mr. Lee responded that no problems have arisen as far as their approaches and there were no significant changes that would affect the audits. Mr. Friend also stated that as long as the auditors are not auditing their own work there would not be a problem.

MOTION duly made by Ms. Zink, seconded by Ms. Raffel, and carried to approve the Report to Management for the Year Ended June 30, 1998.

VI. **STRATEGIC PLANNING – SCHOOL DISTRICT AUDIT PROCESS RE-ENGINEERING**

Mr. Lee reported that since staff was focusing on clearing backlogs and working on process reengineering, no new audits would be started this fiscal year. Mr. Lee provided a progress report on the reengineering process and the Committee requested that a follow-up report be presented at the next Committee meeting.

VII. **SCHOOL DISTRICT FINAL REPORTS**

Mr. Snider reported on two school districts, Vallecito Union Elementary School District and Anaheim Union Unified School District.

VIII. **COMPLIANCE CASE SUMMARIES**

Mr. Lee presented case summaries on San Diego, Orange, and Alameda counties.

IX. **INTERNAL AUDIT FINAL REPORTS**

Mr. Lee reported that minor findings were reported to management as a result of the audit of the Payments and Adjustments of Disability Benefits. Management will take steps to comply with the recommendations.

X. **1998/99 BUDGET STATUS REPORT**

Ms. Plett reported that staff was still in a catch-up stage due to the late signing of the Budget but will be able to provide a more realistic picture of the expenditure pattern for the next quarterly report.

XI. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

There were no statements from the public.

XII. **ADJOURNMENT**

Chairperson Fenimore adjourned the Committee meeting at 8:55 a.m.

James D. Mosman, Chief Executive Officer
and Secretary to the Teachers' Retirement Board

George Fenimore, Chairperson